

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type [] City [] Township [] Village [x] Other		Local Government Name Lenawee County Drain Commission		County Lenawee	
Audit Date 12/31/04		Opinion Date 3/11/05		Date Accountant Report Submitted to State: 5/06/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

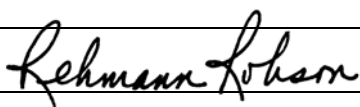
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | | | |
|-----|-----|-------|----|---|
| [] | Yes | [x] | No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| [] | Yes | [x] | No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| [] | Yes | [x] | No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| [] | Yes | [x] | No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| [] | Yes | [x] | No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| [] | Yes | [x] | No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| [] | Yes | [x] | No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| [] | Yes | [x] | No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| [] | Yes | [x] | No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025		City SAGINAW	State MI
Accountant Signature 		Zip 48605	

**LENAWEE COUNTY
DRAIN COMMISSION**

Financial Statements

For The Year Ended December 31, 2004



REHMANN ROBSON

Certified Public Accountants

LENAWEE COUNTY DRAIN COMMISSION

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

March 11, 2005

To the Drain Commissioner of
Lenawee County
Adrian, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the ***Lenawee County Drain Commission, a component unit of Lenawee County, Michigan***, as of and for the year ended December 31, 2004, which collectively comprise the Drain Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Lenawee County Drain Commission. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lenawee County Drain Commission as of December 31, 2004, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Lenawee County Drain Commission has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lenawee County Drain Commission's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COMPONENT-WIDE FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,189,340	\$ 3,207,039	\$ 4,396,379
Receivables	795,795	17,878,193	18,673,988
Capital assets being depreciated, net	3,200,519	-	3,200,519
Total assets	5,185,654	21,085,232	26,270,886
Liabilities			
Accounts payable and accrued expenses	546,674	410,348	957,022
Noncurrent liabilities:			
Due within one year	475,527	1,515,000	1,990,527
Due in more than one year	1,436,158	18,256,209	19,692,367
Total liabilities	2,458,359	20,181,557	22,639,916
Net Assets			
Invested in capital assets, net of related debt	1,288,834	-	1,288,834
Restricted for other municipalities	-	-	-
Unrestricted	1,438,461	903,675	2,342,136
Total net assets	\$ 2,727,295	\$ 903,675	\$ 3,630,970

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Activities
For the Year Ended December 31, 2004

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public works	\$ 1,111,409	\$ -	\$ -	\$ 998,661	\$ (112,748)
Business-type activities:					
Municipal water and sewer projects	1,929,410	167,050	1,499,217	-	(263,143)
Total drain commission	<u>\$ 3,040,819</u>	<u>\$ 167,050</u>	<u>\$ 1,499,217</u>	<u>\$ 998,661</u>	<u>\$ (375,891)</u>

continued...

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Activities (Concluded)
For the Year Ended December 31, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net assets			
Net (expense) revenue	\$ (112,748)	\$ (263,143)	\$ (375,891)
General revenues:			
Unrestricted investment earnings	10,795	3,368	14,163
Other revenue	33,317	349,938	383,255
Total general revenues	44,112	353,306	397,418
Change in net assets	(68,636)	90,163	21,527
Net assets, beginning of year, as restated	2,795,931	813,512	3,609,443
Net assets, end of year	<u><u>\$ 2,727,295</u></u>	<u><u>\$ 903,675</u></u>	<u><u>\$ 3,630,970</u></u>

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION

Balance Sheet

Governmental Funds

December 31, 2004

	Drain Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,120,470	\$ 29,194	\$ 1,149,664
Due from other funds	-	1,026,688	1,026,688
Special assessments receivable	765,546	30,249	795,795
<u>TOTAL ASSETS</u>	<u>\$ 1,886,016</u>	<u>\$ 1,086,131</u>	<u>\$ 2,972,147</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ -	\$ 17,800	\$ 17,800
Due to other funds	979,872	46,816	1,026,688
Advance from primary government	-	525,000	525,000
Deferred revenue	765,546	30,249	795,795
Total liabilities	1,745,418	619,865	2,365,283
Fund balances			
Unreserved - undesignated	140,598	-	140,598
Reported in nonmajor capital project funds	-	466,266	466,266
Total fund balances	140,598	466,266	606,864
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,886,016</u>	<u>\$ 1,086,131</u>	<u>\$ 2,972,147</u>

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2004

Fund balances - total governmental funds	\$ 606,864
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets, net of accumulated depreciation	2,658,458
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Other long-term assets are not available to pay current year expenditures and, therefore, are not recorded in the funds.

Add - long-term special assessments receivable included in deferred revenue	795,795
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An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	413,701
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Certain liabilities, such as bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	(1,180,000)
Deduct - drain notes payable	<u>(567,523)</u>

Net assets of governmental activities	<u><u>\$ 2,727,295</u></u>
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The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	Drain Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Special assessments	\$ 875,808	\$ 30,465	\$ 906,273
Interest	10,727	2,920	13,647
Total revenue	886,535	33,385	919,920
Expenditures			
Current:			
Public works	1,370,992	37,024	1,408,016
Debt service:			
Principal	287,864	26,800	314,664
Interest and fiscal charges	46,443	1,297	47,740
Total expenditures	1,705,299	65,121	1,770,420
Revenue over (under) expenditures	(818,764)	(31,736)	(850,500)
Other financing sources (uses)			
Issuance of bonds and notes	655,550	-	655,550
Net change in fund balances	(163,214)	(31,736)	(194,950)
Fund balance, beginning of year, as restated	303,812	498,002	801,814
Fund balance, end of year	\$ 140,598	\$ 466,266	\$ 606,864

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - total governmental funds	\$ (194,950)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	433,690
Deduct - depreciation expense	(62,795)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - bond proceeds	(655,550)
Add - principal payments on bonds payable	314,664

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Deduct - net operating loss from governmental activities in internal service fund	(26,548)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal

Deduct - change in deferred long-term receivables	122,853
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Change in net assets of governmental activities	\$ <u>(68,636)</u>
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The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION

Statement of Net Assets

Proprietary Funds

December 31, 2004

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Assets			
Current assets			
Cash and cash equivalents	\$ 1,234	\$ 488,513	\$ 1,236,208
Current portion of lease receivable	385,000	205,000	275,000
Total current assets	386,234	693,513	1,511,208
Noncurrent assets			
Leases receivable, net of current portion	2,598,766	1,586,487	1,698,386
Capital assets, net of accumulated depreciation	-	-	-
Total other assets	2,598,766	1,586,487	1,698,386
Total assets	2,985,000	2,280,000	3,209,594
Liabilities			
Current liabilities			
Accounts payable	-	-	-
Due to other governments	-	-	-
Current portion of bonds payable	385,000	205,000	275,000
Current portion of notes payable	-	-	-
Current portion of leases purchase agreement	-	-	-
Total current liabilities	385,000	205,000	275,000
Long-term debt			
Bonds payable	2,600,000	2,075,000	2,475,000
Notes payable	-	-	-
Lease purchase agreement	-	-	-
Total long-term debt	2,600,000	2,075,000	2,475,000
Total liabilities	2,985,000	2,280,000	2,750,000
Net assets			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	-	459,594
Total net assets	\$ -	\$ -	\$ 459,594

The accompanying notes are an integral part of these financial statements.

Enterprise Funds						Governmental Activities
						Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Loch Erin Sewer	Nonmajor Enterprise Funds	Total		Drain Equipment Revolving
\$ 353,663	\$ 275,472	\$ 509,406	\$ 342,543	\$ 3,207,039	\$	39,676
260,000	225,000	-	165,000	1,515,000		-
613,663	500,472	509,406	507,543	4,722,039		39,676
5,305,541	4,332,990	-	841,023	16,363,193		-
-	-	-	-	-		542,061
5,305,541	4,332,990	-	841,023	16,363,193		542,061
5,919,204	4,833,462	509,406	1,348,566	21,085,232		581,737
-	-	-	-	-		3,874
-	-	324,566	85,782	410,348		-
260,000	225,000	-	165,000	1,515,000		-
-	-	-	-	-		44,221
-	-	-	-	-		21,338
260,000	225,000	324,566	250,782	1,925,348		69,433
5,646,209	4,430,000	-	1,030,000	18,256,209		-
-	-	-	-	-		62,520
-	-	-	-	-		36,083
5,646,209	4,430,000	-	1,030,000	18,256,209		98,603
5,906,209	4,655,000	324,566	1,280,782	20,181,557		168,036
-	-	-	-	-		377,899
12,995	178,462	184,840	67,784	903,675		413,701
\$ 12,995	\$ 178,462	\$ 184,840	\$ 67,784	\$ 903,675	\$	413,701

LENAWEE COUNTY DRAIN COMMISSION
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Operating revenue			
Intergovernmental revenue	\$ 140,558	\$ 127,098	\$ 389,536
Charges for services	-	-	-
Other revenue	-	-	-
Total operating revenue	140,558	127,098	389,536
Operating expenses			
Other expense	-	-	191,738
Depreciation expense	-	-	-
Total operating expenses	-	-	191,738
Operating income (loss)	140,558	127,098	197,798
Non-operating revenue (expenses)			
Interest income	-	-	1,485
Interest expense	(140,558)	(127,098)	(144,850)
Total non-operating revenue (expenses)	(140,558)	(127,098)	(143,365)
Change in net assets	-	-	54,433
Net assets, beginning of year, as restated	-	-	405,161
Net assets, end of year	\$ -	\$ -	\$ 459,594

The accompanying notes are an integral part of these financial statements.

Enterprise Funds					Governmental Activities	
					Internal Service	
Central Lenawee Sewer	Rollin- Woodstock Sewer	Loch Erin Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving	
\$ 258,709	\$ 121,750	\$ 151,826	\$ 309,740	\$ 1,499,217	\$ -	
-	-	-	12,107	12,107	243,496	
-	349,166	-	154,943	504,109	-	
258,709	470,916	151,826	476,790	2,015,433	243,496	
49,859	337,334	149,641	366,691	1,095,263	169,800	
-	-	-	-	-	100,244	
49,859	337,334	149,641	366,691	1,095,263	270,044	
208,850	133,582	2,185	110,099	920,170	(26,548)	
8	772	1,702	173	4,140	-	
(195,863)	(121,750)	-	(104,028)	(834,147)	-	
(195,855)	(120,978)	1,702	(103,855)	(830,007)	-	
12,995	12,604	3,887	6,244	90,163	(26,548)	
-	165,858	180,953	61,540	813,512	440,249	
\$ 12,995	\$ 178,462	\$ 184,840	\$ 67,784	\$ 903,675	\$ 413,701	

LENAWEE COUNTY DRAIN COMMISSION
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Cash flows from operating activities			
Cash received from municipalities	\$ 140,558	\$ 127,098	\$ 389,536
Other operating receipts	-	-	-
Cash paid to employees and suppliers	-	-	(191,738)
Receipts for interfund services provided	-	-	-
Net cash provided by (used in) operating activities	140,558	127,098	197,798
Cash flows from capital and related financing activities			
Principal payments	(375,000)	(205,000)	(275,000)
Interest payments	(140,558)	(127,098)	(144,850)
Proceeds from long-term debt	-	-	-
Payments for additional leases receivable	-	(2,497)	(30,144)
Purchase of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	(515,558)	(334,595)	(449,994)
Cash flows from investing activities			
Interest income received	-	-	1,485
Amounts collected on leases receivable	374,530	317,611	202,139
Net cash provided by (used in) investing activities	374,530	317,611	203,624
Net increase (decrease) in cash and cash equivalents	(470)	110,114	(48,572)
Cash and cash equivalents, beginning of year	1,704	378,399	1,284,780
Cash and cash equivalents, end of year	\$ 1,234	\$ 488,513	\$ 1,236,208

Enterprise Funds					Governmental Activities
					Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Loch Erin Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 258,709	\$ 121,750	\$ 151,826	\$ 309,740	\$ 1,499,217	\$ -
-	349,166	-	167,050	516,216	-
(572,170)	(337,334)	(149,641)	(366,691)	(1,617,574)	(168,906)
-	-	-	-	-	243,496
(313,461)	133,582	2,185	110,099	397,859	74,590
(185,000)	(215,000)	-	(215,000)	(1,470,000)	(20,249)
(195,863)	(121,750)	-	(104,028)	(834,147)	-
101,695	-	-	-	101,695	106,741
(1,855,845)	(60,581)	(103,274)	(248,911)	(2,301,252)	-
-	-	-	-	-	(129,525)
(2,135,013)	(397,331)	(103,274)	(567,939)	(4,503,704)	(43,033)
8	772	1,702	173	4,140	-
270,218	276,070	90,922	464,942	1,996,432	-
270,226	276,842	92,624	465,115	2,000,572	-
(2,178,248)	13,093	(8,465)	7,275	(2,105,273)	31,557
2,531,911	262,379	517,871	335,268	5,312,312	8,119
\$ 353,663	\$ 275,472	\$ 509,406	\$ 342,543	\$ 3,207,039	\$ 39,676

LENAWEE COUNTY DRAIN COMMISSION
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended December 31, 2004

	<u>Business-type Activities -</u>		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 140,558	\$ 127,098	\$ 197,798
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	-	-
Increase (decrease) in:			
Accounts payable	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 140,558</u>	<u>\$ 127,098</u>	<u>\$ 197,798</u>

The accompanying notes are an integral part of these financial statements.

Enterprise Funds					Governmental
					Activities
					Internal
					Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Loch Erin Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 208,850	\$ 133,582	\$ 2,185	\$ 110,099	\$ 920,170	\$ (26,548)
-	-	-	-	-	100,244
(522,311)	-	-	-	(522,311)	894
\$ (313,461)	\$ 133,582	\$ 2,185	\$ 110,099	\$ 397,859	\$ 74,590

NOTES to the FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements represent the financial position and the changes in financial position of the funds of the Lenawee County Drain Commission (the “Drain Commission”). These funds are considered to be a discretely presented component unit of Lenawee County (the “County” or “primary government”) and are an integral part of that reporting entity.

B. Component-wide and Fund Financial Statements

The component-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The component-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Drain Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Drain Commission reports the following major governmental fund:

The *drain capital projects fund* accounts for the use of resources in constructing and maintaining the drain system. The primary funding source for this fund is special assessments.

The Drain Commission reports the following major proprietary funds:

The *Township of Madison water fund* accounts for the financing of system improvements for the stated municipality.

The *Cambridge/Franklin sewer fund* accounts for the financing of system improvements for the stated municipality.

The *Wampler's Lake sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

The *Central Lenawee sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

The *Rollin-Woodstock sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

The *Loch Erin sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

Capital projects funds account for the use of resources, primarily bond proceeds, in constructing drains.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the component-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to cities and townships for equipment rentals. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Drain Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. All deposits and investments are in the name of the County Treasurer

Investments are stated at fair value.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

2. Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Special assessments receivable, which are based on total estimated construction and maintenance costs of each drain project, reflect amounts due from benefiting parties including local units of government and property owners. No allowance for uncollectibles is recorded because the special assessments represent a lien on the respective properties.

3. Capital Assets

Capital assets, which include mobile equipment and infrastructure assets, are reported in the net assets column of the Statement of Net Assets and Governmental Funds Balance Sheet. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. Major outlays for equipment and infrastructure capital assets and improvements are capitalized as projects are constructed. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets, if any, are recorded at estimated fair value at the date of donation.

Infrastructure is depreciated using the straight-line method over 50 years and equipment is being depreciated over 5 or 10 years.

4. Long-term Obligations

In the component-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

The Lake Level capital projects fund had a deficit fund balance of \$39,036 at year end. The Drain Commission plans to eliminate this deficit through special assessment revenues in excess of expenditures in the future years.

III. DETAILED NOTES ON ALL FUNDS

A. Deposit and Investments

At year end, the carrying amount of deposits and investments of the Drain Commission were as follows:

Deposits held in the name of the County Treasurer	\$ 2,916,800
Investments	<u>1,479,579</u>
Total	<u>\$ 4,396,379</u>

Deposits

Deposits are carried at cost. Deposits of the Drain Commission are in the name of the County Treasurer. Because the deposits are in the name of the County Treasurer, the risk associated with these deposits is not determinable.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Investments

For the purpose of providing an indication of the assumed levels of risk, investments are categorized as follows:

- Category 1** Investments that are insured or registered or for which the securities are held by the Drain Commission or its agent in the Drain Commission's name.
- Category 2** Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Drain Commission's name.
- Category 3** Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Drain Commission's name.

The Drain Commission's investments of \$1,479,579 at December 31, 2004, consist of government liquid asset and money market funds, which are uncategorized as to risk classification.

B. Receivables

Receivables in the governmental activities consist entirely of special assessments. At year end, the Drain Commission reported special assessments receivable of \$795,795. All amounts are expected to be collected within one year.

Receivables in the business-type activities consist entirely of leases receivable. The terms of these capital leases, which relate to water and sewer systems constructed by the Drain Commission on behalf of the local units, match the debt maturity requirements of the related bonds. At year end, the Drain Commission reported leases receivable in business-type activities of \$17,878,193, \$1,515,000 of which is expected to be collected within one year.

Governmental funds report deferred revenue in connection with special assessments receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At year end, the Drain Commission reported deferred ("unavailable") revenue of \$795,795.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

C. Due to Other Governments

Due to other governments recognized in business-type activities represent amounts held for municipalities for the construction and maintenance of water and sewer systems. At year end, the Drain Commission reported \$410,348 as due to other governments.

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2004, was as follows:

Due to/from other funds:	<u>Receivable</u>	<u>Payable</u>
Drain Capital Projects Fund	\$ -	\$ 979,872
Nonmajor governmental funds	<u>1,026,688</u>	<u>46,816</u>
Total	<u>\$ 1,026,688</u>	<u>\$ 1,026,688</u>

Advances from primary government:

	<u>Payable</u>
Nonmajor governmental funds	<u>\$ 525,000</u>

The Drain Commission has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

E. Capital Assets

Capital asset activity for the Drain Commission for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 2,832,644	\$ 433,690	\$ -	\$ 3,266,334
Equipment	1,090,600	129,525	16,000	1,204,125
Total capital assets, being depreciated	3,923,244	563,215	16,000	4,470,459
Less accumulated depreciation for:				
Infrastructure	545,081	62,795	-	607,876
Equipment	577,820	100,244	16,000	662,064
Total accumulated depreciation	1,122,901	163,039	16,000	1,269,940
Governmental activities capital assets, net	\$ 2,800,343	\$ 400,176	\$ -	\$ 3,200,519

F. Long-term Debt

The following is a summary of the changes in long-term obligations for the year ended December 31, 2004:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 895,000	\$ 385,000	\$ 100,000	\$ 1,180,000	\$ 170,000
Drain notes payable	511,637	270,550	214,664	567,523	239,968
Notes payable	-	106,741	-	106,741	44,221
Lease purchase agreement	77,670	-	20,249	57,421	21,338
	1,484,307	762,291	334,913	1,911,685	475,527
Business-type activities:					
Bonds payable	21,139,514	101,695	1,470,000	19,771,209	1,515,000
Total Drain Commission	\$ 22,623,821	\$ 863,986	\$ 1,804,913	\$ 21,682,894	\$ 1,990,527

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Governmental Activities:

General obligation bonds currently outstanding are as follows:

<u>District</u>	<u>Original Issue</u>	<u>Annual Installments</u>	<u>Through Period</u>	<u>Interest Rate</u>	
Windemere Drain	\$ 385,000	\$ 35,000 – \$ 40,000	2014	2.3%	\$ 385,000
Pollard Drain	410,000	100,000 – 110,000	2008	2.3%	410,000
Bent Oak Drain	385,000	35,000 – 40,000	2014	3.0 – 4.2%	<u>385,000</u>
Total					<u>\$ 1,180,000</u>

Drain notes payable consist of eleven drain notes payable in total annual installments of \$23,680 to \$164,968 at interest rates of 2.74% to 4.75%, with final payment due in 2014.

Notes payable consist of three notes payable for vehicle/equipment purchases due in annual installments of \$12,030 to \$44,221 at interest rates of 2.90% to 3.75%, with final payment due in 2009.

There is a lease purchase agreement for equipment payable in annual installments of \$20,249 to \$36,083 at an interest rate of 3%, with final payment due in 2006.

Annual debt service requirements to maturity for governmental activities as of December 31, 2004, are as follows:

	<u>Bonds</u>		<u>Drain Notes</u>		<u>Notes</u>		<u>Lease Purchase</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 170,000	\$ 33,200	\$ 239,968	\$ 20,992	\$ 44,221	\$ 3,394	\$ 21,338	\$ 2,506
2006	170,000	29,010	99,835	13,792	26,430	2,303	36,083	1,299
2007	170,000	24,803	61,960	10,364	12,030	1,371	-	-
2008	190,000	20,185	23,680	7,980	12,030	914	-	-
2009	80,000	16,450	23,680	6,840	12,030	457	-	-
2010-2014	400,000	39,670	118,400	17,100	-	-	-	-
	\$ 1,180,000	\$ 163,318	\$ 567,523	\$ 77,068	\$ 106,741	\$ 8,439	\$ 57,421	\$ 3,805

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Business-type Activities:

<u>District</u>	<u>Original Issue</u>	<u>Annual Installments</u>	<u>Through Period</u>	<u>Interest Rate</u>	
City of Morenci	\$ 900,000	\$ 25,000 – \$ 75,000	2007	3.4 - 6.4%	\$ 100,000
South Shore	850,000	25,000 – 50,000	2016	5.0 - 7.0%	555,000
Posey Lake	1,400,000	60,000 – 85,000	2011	5.0 - 8.0%	540,000
Madison Township #3 Refunding	700,000	115,000 – 185,000	2007	1.0 - 2.5%	515,000
Madison Township #4	3,460,000	110,000 – 190,000	2017	4.8 - 5.0%	2,470,000
Cambridge/Franklin	3,890,000	175,000 – 265,000	2015	4.5 - 7.5%	2,280,000
Wampler's Lake	5,000,000	225,000 – 345,000	2013	5.0%	2,750,000
Rollin-Woodstock - Plant Improvement	5,080,000	210,000 – 330,000	2021	2.5%	4,655,000
Central Lenawee Sewer	4,410,000	95,000 – 320,000	2023	3.0 - 4.6%	4,315,000
Central Lenawee Sewer – DWRP	1,875,000	90,000 – 95,000	2023	2.5%	<u>1,591,209</u>
Total					<u>\$ 19,771,209</u>

Annual debt service requirements to maturity for business-type activities as of December 31, 2004, are as follows:

	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,515,000	\$ 757,189
2006	1,530,000	693,151
2007	1,410,000	628,995
2008	1,330,000	577,740
2009	1,345,000	516,309
2010-2014	6,465,000	1,763,571
2015-2019	4,135,000	741,345
2020-2024	2,041,209	269,600
	<u>\$ 19,771,209</u>	<u>\$ 5,947,900</u>

Advance Refunding

The Township of Madison issued \$700,000 of general obligation refunding bonds in 2003. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the long-term debt of the Drain Commission.

The balance of defeased bonds outstanding as of December 31, 2004, was \$1,625,000.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The Drain Commission, as a component unit of Lenawee County, contributes to a single-employer defined benefit pension plan provided through a private insurance company that acts as a common investment and administrative agent for the County. The details related to participation are reported in the financial statements of Lenawee County.

B. Restatements

Fund balances/net assets as of January 1, 2004, were restated as follows:

	<u>Nonmajor Governmental Funds</u>			
<u>Governmental Funds:</u>				
Fund balances, January 1, 2004, as previously reported	\$ 5,319,723			
Reclassification of equity balances from Debt Service and Capital Projects to Enterprise Fund activities	(4,790,000)			
Decrease to properly recognize deferred revenue for "unavailable" deferred revenue	<u>(31,721)</u>			
Fund balances, January 1, 2004, as restated	<u>\$ 498,002</u>			

	<u>Wampler's Lake Sewer</u>	<u>Rollin- Woodstock Sanitary Drain</u>	<u>Loch Erin</u>	<u>Nonmajor Enterprise Funds</u>
<u>Enterprise Funds:</u>				
Net assets, January 1, 2004, as previously reported	\$ -	\$ -	\$ -	\$ -
Reclassification of equity balances related to operations and maintenance for municipal water and sewer projects	405,161	165,858	180,953	61,540
Net assets, January 1, 2004, as restated	\$ 405,161	\$ 165,858	\$ 180,953	\$ 61,540

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

<u>Component-wide statements:</u>	Governmental Activities	Business- Type Activities
Net assets, January 1, 2004, as previously reported	\$ 8,646,181	\$ -
Decrease to eliminate long-term due from other governments improperly recorded for drain bonds	(895,000)	-
Decrease to record long-term obligations improperly excluded from long-term debt	(165,250)	-
Reclassification of equity balances from Debt Service and Capital Projects to Enterprise Fund activities	(4,790,000)	-
Reclassification of equity balances related to operations and maintenance for municipal water and sewer projects	-	813,512
Net assets, January 1, 2004, as restated	<u>\$ 2,795,931</u>	<u>\$ 813,512</u>

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COMBINING FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

<u>Capital Project Funds</u>				
804				
802	Drain	841		
Drain	Maintenance	Lake		
Revolving	Revolving	Level	Total	
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 19,448	\$ 1,966	\$ 7,780	\$ 29,194
Due from other funds	523,352	503,336	-	1,026,688
Special assessments receivable	-	-	30,249	30,249
<u>TOTAL ASSETS</u>	\$ 542,800	\$ 505,302	\$ 38,029	\$ 1,086,131
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 17,800	\$ -	\$ -	\$ 17,800
Due to other funds	-	-	46,816	46,816
Advance from primary government	525,000	-	-	525,000
Deferred revenue	-	-	30,249	30,249
Total liabilities	542,800	-	77,065	619,865
Fund balance				
Unreserved - undesignated (deficit)	-	505,302	(39,036)	466,266
<u>TOTAL LIABILITIES</u>				
<u>AND FUND BALANCE</u>	\$ 542,800	\$ 505,302	\$ 38,029	\$ 1,086,131

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Capital Project Funds			
	804			
	802	804	841	
	Drain	Drain	Lake	
	Revolving	Maintenance	Level	Total
		Revolving		
Revenue				
Special assessments	\$ -	\$ -	\$ 30,465	\$ 30,465
Interest	-	2,852	68	2,920
Total revenue	-	2,852	30,533	33,385
Expenditures				
Current:				
Public works	-	-	37,024	37,024
Debt service:				
Principal	-	-	26,800	26,800
Interest and fiscal charges	-	-	1,297	1,297
Total expenditures	-	-	65,121	65,121
Net change in fund balances	-	2,852	(34,588)	(31,736)
Fund balance (deficit), beginning of year	-	502,450	(4,448)	498,002
Fund balance (deficit), end of year	\$ -	\$ 505,302	\$ (39,036)	\$ 466,266

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Assets				
Current assets				
Cash and cash equivalents	\$ 9,705	\$ 206,247	\$ 12,513	\$ 7,317
Current portion of lease receivable	50,000	45,000	70,000	-
Total current assets	<u>59,705</u>	<u>251,247</u>	<u>82,513</u>	<u>7,317</u>
Noncurrent assets				
Leases receivable, net of current portion	40,295	342,626	458,102	-
Capital assets, net of accumulated depreciation	-	-	-	-
Total other assets	<u>40,295</u>	<u>342,626</u>	<u>458,102</u>	<u>-</u>
Total assets	<u>100,000</u>	<u>593,873</u>	<u>540,615</u>	<u>7,317</u>
Liabilities				
Current liabilities				
Due to other governments	-	-	-	5,789
Current portion of bonds payable	50,000	45,000	70,000	-
Current portion of notes payable	-	-	-	-
Current portion of leases purchase agreement	-	-	-	-
Total current liabilities	<u>50,000</u>	<u>45,000</u>	<u>70,000</u>	<u>5,789</u>
Long-term debt				
Bonds payable	50,000	510,000	470,000	-
Notes payable	-	-	-	-
Lease purchase agreement	-	-	-	-
Total long-term debt	<u>50,000</u>	<u>510,000</u>	<u>470,000</u>	<u>-</u>
Total liabilities	<u>100,000</u>	<u>555,000</u>	<u>540,000</u>	<u>5,789</u>
Net assets				
Unrestricted	<u>\$ -</u>	<u>\$ 38,873</u>	<u>\$ 615</u>	<u>\$ 1,528</u>

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Agency Adminstration	Total
\$ 3,402	\$ 94,389	\$ 1,341	\$ 1,016	\$ 3,291	\$ 3,322	\$ -	\$ 342,543
-	-	-	-	-	-	-	165,000
3,402	94,389	1,341	1,016	3,291	3,322	-	507,543
-	-	-	-	-	-	-	841,023
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	841,023
3,402	94,389	1,341	1,016	3,291	3,322	-	1,348,566
3,289	76,704	-	-	-	-	-	85,782
-	-	-	-	-	-	-	165,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,289	76,704	-	-	-	-	-	250,782
-	-	-	-	-	-	-	1,030,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,030,000
3,289	76,704	-	-	-	-	-	1,280,782
\$ 113	\$ 17,685	\$ 1,341	\$ 1,016	\$ 3,291	\$ 3,322	\$ -	\$ 67,784

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Operating revenue				
Intergovernmental revenue	\$ 37,700	\$ 59,314	\$ 63,848	\$ -
Charges for services	-	-	-	-
Other revenue	-	-	-	144,061
Total operating revenue	37,700	59,314	63,848	144,061
Operating expenses				
Operations and maintenance	-	24,614	28,531	144,986
Operating income (loss)	37,700	34,700	35,317	(925)
Non-operating revenue (expenses)				
Interest income	-	117	3	7
Interest expense	(37,700)	(29,963)	(34,790)	-
Total non-operating revenue (expenses)	(37,700)	(29,846)	(34,787)	7
Change in net assets	-	4,854	530	(918)
Net assets, beginning of year	-	34,019	85	2,446
Net assets, end of year	\$ -	\$ 38,873	\$ 615	\$ 1,528

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Agency Adminstration	Total
\$ 22,269	\$ 73,366	\$ -	\$ -	\$ 20,961	\$ 32,282	\$ -	\$ 309,740
-	-	-	12,107	-	-	-	12,107
-	-	10,882	-	-	-	-	154,943
22,269	73,366	10,882	12,107	20,961	32,282	-	476,790
22,500	68,514	9,755	17,504	21,220	28,970	97	366,691
(231)	4,852	1,127	(5,397)	(259)	3,312	(97)	110,099
1	29	2	4	7	3	-	173
-	(1,575)	-	-	-	-	-	(104,028)
1	(1,546)	2	4	7	3	-	(103,855)
(230)	3,306	1,129	(5,393)	(252)	3,315	(97)	6,244
343	14,379	212	6,409	3,543	7	97	61,540
\$ 113	\$ 17,685	\$ 1,341	\$ 1,016	\$ 3,291	\$ 3,322	\$ -	\$ 67,784

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Cash flows from operating activities				
Cash received from municipalities	\$ 37,700	\$ 59,314	\$ 63,848	\$ -
Other operating receipts	-	-	-	144,061
Cash paid to employees and suppliers	-	(24,614)	(28,531)	(144,986)
Net cash provided by (used in) operating activities	37,700	34,700	35,317	(925)
Cash flows from capital and related financing activities				
Principal payments	(50,000)	(45,000)	(70,000)	-
Interest payments	(37,700)	(29,963)	(34,790)	-
Payments for construction of leases receivable	(165,525)	-	(6,687)	(61,000)
Net cash provided by (used in) capital and related financing activities	(253,225)	(74,963)	(111,477)	(61,000)
Cash flows from investing activities				
Interest income received	-	117	3	7
Amounts collected on leases receivable	213,546	43,039	76,097	61,367
Net cash provided by (used in) investing activities	213,546	43,156	76,100	61,374
Net increase (decrease) in cash and cash equivalents	(1,979)	2,893	(60)	(551)
Cash and cash equivalents, beginning of year	11,684	203,354	12,573	7,868
Cash and cash equivalents, end of year	\$ 9,705	\$ 206,247	\$ 12,513	\$ 7,317
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 37,700	\$ 34,700	\$ 35,317	\$ (925)
Net cash provided by (used in) operating activities	\$ 37,700	\$ 34,700	\$ 35,317	\$ (925)

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Agency Adminstration	Total
\$ 22,269	\$ 73,366	\$ -	\$ -	\$ 20,961	\$ 32,282	\$ -	\$ 309,740
-	-	10,882	12,107	-	-	-	167,050
(22,500)	(68,514)	(9,755)	(17,504)	(21,220)	(28,970)	(97)	(366,691)
(231)	4,852	1,127	(5,397)	(259)	3,312	(97)	110,099
-	(50,000)	-	-	-	-	-	(215,000)
-	(1,575)	-	-	-	-	-	(104,028)
(11,415)	(4,284)	-	-	-	-	-	(248,911)
(11,415)	(55,859)	-	-	-	-	-	(567,939)
1	29	2	4	7	3	-	173
9,351	61,542	-	-	-	-	-	464,942
9,352	61,571	2	4	7	3	-	465,115
(2,294)	10,564	1,129	(5,393)	(252)	3,315	(97)	7,275
5,696	83,825	212	6,409	3,543	7	97	335,268
\$ 3,402	\$ 94,389	\$ 1,341	\$ 1,016	\$ 3,291	\$ 3,322	\$ -	\$ 342,543
(231)	4,852	1,127	(5,397)	(259)	3,312	(97)	110,099
(231)	4,852	1,127	(5,397)	(259)	3,312	(97)	110,099